BRAZILIAN TRACTION LIGHT and POWER COMPANY

LIMITED

1944

THIRTY-SECOND ANNUAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1944

PURVIS HALL
LIBRARIES
DEC 16 1945
McGILL UNIVERSITY

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED

(Incorporated under the Laws of the Dominion of Canada)

AUTHORIZED SHARE CAPITAL

ORDINARY SHARES —**7,600,000 shares of No Par Value, subject to increase up to a total of 7,933,333 shares of No Par Value by conversion of Preference Shares.**

PREFERENCE SHARES—100,000 shares of the Par Value of $100 each, convertible into Ordinary Shares of No Par Value on the basis of 3 Preference Shares for 10 Ordinary Shares. (96,066 of these shares have been converted at the date of this report.)

Board of Directors

COLONEL WALTER GOW, K.C., *Chairman*

A. W. K. BILLINGS, *President*

H. MALCOLM HUBBARD, *Vice-President*
RIGHT HON. SIR THOMAS WHITE, G.C.M.G.
JOHN DAVIDSON
S. H. LOGAN
C. D. MAGEE
NORMAN D. WILSON

HON. G. HOWARD FERGUSON, K.C., *Vice-President*
S. G. CROWELL, K.C.
A. P. HOLT
JAMES A. ECCLES
RIGHT HON. THE VISCOUNT GREENWOOD, P.C.
E. C. FOX

G. R. F. TROOP

Secretary
D. H. CROMAR

Treasurer
G. R. F. TROOP, C.A.

Asst. to the President
F. A. SCHULMAN

Asst. Secretaries
DAVID SMITH
W. D. HOOPER (LONDON)

Bankers

THE CANADIAN BANK OF COMMERCE, TORONTO, NEW YORK AND LONDON

THE BANK OF SCOTLAND, EDINBURGH AND LONDON

LLOYDS BANK LIMITED, LONDON

Solicitors

BLAKE, ANGLIN, OSLER & CASSELS, TORONTO

Auditors

CLARKSON, GORDON, DILWORTH & NASH, TORONTO

Offices

HEAD OFFICE - 25 KING STREET WEST, TORONTO 1, CANADA

LONDON AGENTS - - - - - - - - - - - - - - - - - - CANADIAN & GENERAL FINANCE CO., LIMITED

TEMPORARY WAR ADDRESS: H. MALCOLM HUBBARD, REPRESENTATIVE,
99, THE DRIVE,
HOVE, SUSSEX, ENGLAND

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED

THIRTY-SECOND ANNUAL REPORT

To the Shareholders:

Your directors submit herewith the following report on the Company's affairs, together with the audited accounts for the year 1944 including the consolidated balance sheet of the Company and its operating subsidiary companies in Brazil as at 31st December, 1944.

As will be seen from the statistics and charts on pages 14 and 15, all the services of the Company with the exception of gas continue to show expansion in spite of restrictions in materials available, shortage in manpower and other conditions arising from the war. Sales of gas, which continue to be rationed, show a small increase only over 1943.

Comparative Statement of Earnings 1941-1944

The following statement shows the combined earnings and charges of the operating companies and of Brazilian Traction for the past four years. Unless otherwise indicated all figures in the report expressed in dollars are in United States currency.

The balance of revenue (before deducting capital charges) expressed as a percentage on the companies' investment in plant plus working capital shows an increase from 6.14% in 1943 to 6.69% in the year under review.

Excluding Inter-Company Items	Year ended 31st December 1941	1942	1943	1944
Gross Earnings from operation	$42,770,608	$46,570,250	$52,162,244	$58,342,514
Miscellaneous Revenue of operating companies	655,488	1,270,243	803,175	359,503
Total Revenue of operating companies	$43,426,096	$47,840,493	$52,965,419	$58,702,017
Less: Operating expenses	$19,736,952	$21,710,503	$24,090,982	$27,572,384
Depreciation	7,197,250	6,839,512	6,484,567	6,227,040
General amortization	700,000	700,000	700,000	700,000
Total Operating expenses, depreciation and amortization	$27,634,202	$29,250,015	$31,275,549	$34,499,424
Balance of Revenue before capital charges	$15,791,894	$18,590,478	$21,689,870	$24,202,593
" " " " " *expressed as percentage on companies' investment in plant plus working capital employed in Brazil*	*4.71%*	*5.44%*	*6.14%*	*6.69%*
Less: Bond interest	$ 1,543,711	$ 1,537,610	$ 1,511,927	$ 1,483,700
Sinking funds and other financial charges	624,385	603,852	745,598	742,251
Total Capital charges (*excluding interest on temporary advances from Brazilian Traction*)	$ 2,168,096	$ 2,141,462	$ 2,257,525	$ 2,225,951
Balance, being Revenue to Brazilian Traction	$13,623,798	$16,449,016	$19,432,345	$21,976,642
Miscellaneous Revenue of Brazilian Traction	105,818	179,450	300,371	471,184
	$13,729,616	$16,628,466	$19,732,716	$22,447,826
Less: General and administration expenses	$ 280,932	$ 262,376	$ 280,504	$ 213,608
General amortization	300,000	300,000	300,000	300,000
	$ 580,932	$ 562,376	$ 580,504	$ 513,608
Net Revenue, Brazilian Traction	$13,148,684	$16,066,090	$19,152,212	$21,934,218

The increase in gross earnings for 1944 over 1943 of the companies operating in Brazil amounted to 11.85% as compared with an increase of 12.01% for 1943 over 1942.

Operating expenses for 1944 increased by 14.45% over 1943 as compared with 10.96% for 1943 over 1942. As in 1943, the increase in operating expenses for 1944 was principally due to continually rising labour costs.

While both gross revenue and net earnings for 1944 are the highest in the Company's history the increase in earnings per share is by no means commensurate with the large amounts which have been invested in properties, plant, etc. during recent years.

The earnings per share on the average outstanding ordinary shares for 1944 are $3.12 as compared with $2.72 in 1943.

Capital Expenditure

The cash expenditure on capital account by the operating companies during the past five years is as follows:—

1940	1941	1942	1943	1944
$11,840,488	$11,036,103	$9,219,239	$13,773,168	$11,944,742

The average annual expenditure over the above five year period is $11,562,748.

Depreciation and Amortization

An amount of $6,227,040 has been set aside by the operating companies for depreciation in the year 1944.

As in previous years, $1,000,000 has been allocated for general amortization.

Brazilian Exchange—1944

Exchange rates underwent slight modification during the year 1944. Control of exchange through the Bank of Brazil continued in effect. The closing rates in the "free market" (where purchases are limited to payment for imports) for sight drafts on New York and London respectively were 5.13 cents and 3-11/256d. (sterling area) on 31st December, 1944, as compared with 5.09 cents and 3-1/64d. at the close of 1943.

The corresponding "special free market" rates for general remittances duly authorized by the Bank of Brazil were five cents and 3-11/256d. (sterling area) at the end of the year as compared with 4.93 cents and 3-1/64d. (sterling area) at the close of 1943.

The five per cent tax charged on all remittances is excluded from the rates quoted above.

The current assets and liabilities of the operating companies in Brazil were valued at the end of the year in dollars at the closing sight rate on the special free market for exchange on New York.

The combined earnings of the operating companies, expressed in dollars, which are published monthly and which appear in total in the tabulated statement on page 3 of this report are calculated at the remittance rate for the month in which the earnings were made, due provision being made for the remittance tax.

Dividends Paid

In addition to the usual quarterly dividends on the small outstanding balance of the preference shares, two dividends were paid during the year on the ordinary shares of the Company, viz:—$1.00 on 15th June and $1.00 on 1st December (Canadian funds).

Labour Costs—Wage Rates

Brazil is experiencing to a marked degree the rising cost of living and since September 1942 has endeavoured to control selling prices of all foodstuffs. In spite of wage increases and adjustments, however, the situation became so critical towards the end of 1944 that it was decided additional financial help must in some way be given at least to employees of the lower paid classes, to be applicable to all the companies. A provisional war bonus on a sliding scale, commencing 1st January, 1945, was therefore added on all wages below a certain figure. The bonus was estimated to involve an increase in expenditure during 1945 of approximately $2,200,000.

This was insufficient to remedy the situation, and as a result of further demands and of consequent representations by our companies to the Federal Government, decree-law 7,524 issued 5th May, 1945, creates, from 15th May, 1945, a 10% additional charge on the rates for electrical energy, gas, water and telephone services, and also authorizes an increase of 10 centavos (one-half cent) per passenger on collective urban transport fares. The decree provides that the proceeds from these increases shall be used to defray the cost of specified increases in wages over those ruling in December, 1944. The application of any balances over said costs is to be agreed upon with the conceding authority in each case, it being expected that these will be expended in betterments to the corresponding systems. The net increase in wages now ordered by the decree amounts to more than double the provisional war bonus above mentioned.

The shortage of labour has continued to be accentuated by competitive bidding for skilled help by concerns whose selling prices are not subject to the restrictions applied to a public utility company.

The total number of employees in the Company's service in Brazil at the end of the year was 43,690 as compared with 42,187 in 1943.

Electric Power Supply

In spite of increased difficulties resulting from the war this service has been well maintained although under some restrictions. The extremely dry period now being experienced in the Rio region, coupled with the great growth of load under war conditions, has required rationing of electrical energy in that area and it is expected that this will continue for at least the rest of 1945.

To help relieve this situation, while the capacity of the hydro-electric plants is being increased, and to take care of increasing power demands in the zone traversed, the construction of a 230,000 volt transmission line 205 miles long from the Serra do Cubatão plant of the São Paulo system to the Ribeirão das Lages plant has been authorized and is under way but its completion, under existing conditions, cannot be expected before the latter part of 1946.

At the Serra do Cubatão plant the connection of the existing units to the new tunnel and surge tank, nearly completed, will give 55,000 K.W. additional capacity. The manufacture and

installation of another 67,000 K.W. unit is under way but it will be about August, 1946 before this can be ready for service. The Brazilian authorities have authorized still another 67,000 K.W. unit and every effort is being made in Washington to expedite its authorization and manufacture.

The rectification of the Pinheiros river is progressing slowly; authorization to manufacture the 18,000 H.P. pump for the second unit at the Pedreira pumping plant has now been obtained. This, when installed, will complete the unit for service. The additional pumping capacity is needed to increase the water supply to the Serra plant.

At the Ribeirão das Lages plant of the Rio System the raising of the dam, driving and lining of the large tunnels and erection of the third of the new units of nominally 35,000 K.W. each are proceeding, but progress has been slow on account of war conditions.

An important concession has been approved and published 12th May, 1945, which permits supplementing the water supply of the Ribeirão das Lages plant by pumping from the Pirai and Paraiba rivers; this authorizes a progressive power development for the Rio region, corresponding to the Serra do Cubatão supply for the São Paulo region. As soon as the close of the war permits the necessary construction, this, and the transmission line above mentioned, will eliminate the difficulties in the Rio power supply.

In order to expedite the more urgent work above mentioned the construction of the Lages Auxiliary plant of the Rio System, referred to in last year's report, has been postponed.

The water level at the Ilha dos Pombos plant has been raised only one meter of the 3.5 meters authorized because the alterations of the large sluice gates and the raising of the automatic sector gates (which weigh 2200 tons each) necessary to achieve the full height can be done only after the close of the war.

The companies are still under orders from the authorities to supply other distributing companies which are short of power, mention of which has been made in previous reports. This, together with the increased demand from its regular consumers is depleting the reserve capacity which the Company has always endeavoured to maintain so as to meet fully the demands upon the service throughout the territory served.

Railway Electrification

The initial step in the electrification of the Sorocabana Railway from São Paulo to Santo Antonio, a distance of 87 miles was inaugurated on the 8th December, 1944, power being supplied by The São Paulo Tramway, Light & Power Company, Limited, under a contract signed with the railway on the 23rd October, 1942.

By decree-law 7,221 of 30th December, 1944, the Minister for Public Works and Transport was authorized to enter into an agreement with the São Paulo Railway for the electrification of its line from São Paulo to Jundiai, a distance of 37.28 miles. The corresponding power contract with The São Paulo Tramway, Light & Power Company, Limited is being negotiated.

Transportation—Tramways

With the continued shortage of motor fuels for buses and private motor cars, as well as other factors resulting from the war, riding on the tramways has continued abnormally heavy. The available means for coping with this overload have been further taxed by the increasing shortage of essential materials and of labour.

The service in São Paulo has continued to be operated in accordance with the decree signed by the President of the Republic in June 1941, to which reference was made in the Annual Report for that year.

Telephone Service

Owing to the continued shortage of materials and equipment from which all countries are suffering, it has not been possible to meet the increasing demand for the Company's service in Brazil, although some equipment has been received and is at present being installed, which will to some extent alleviate the situation.

Arrangements have been made for 35,950 additional lines of equipment; the number of prospective subscribers awaiting connections at the end of the year was 38,699.

The Company's existing concessions, authorizations and licences for intermunicipal service in the State of São Paulo, the term of which has been extended year by year since December 1942, were further extended to 31st December, 1945, by decree-law 14,514 of 7th February, 1945, signed by the State Interventor. The same decree likewise approved the toll rates in force, together with their application since June 1940, when the Company first put them into effect.

Gas Service

Although gas rationing continued in force throughout the year by order of the Authorities, the combined output in the three cities served was almost 11% higher than in 1943, but was 16% below that of the year 1941 when the service was not rationed.

Brazilian coal used by our gas companies amounted to approximately 30% of the total consumption. The amount available to us during the coming year may, however, diminish in consequence of the requirements of the new steel plant at Volta Redonda.

The arrangement under which the price of gas to consumers varies in accordance with the cost of coal delivered at the works, continued in force throughout the year in all three cities served.

A decree-law signed 14th July, 1943, extended the Rio Company's contract expiring 15th September, 1945, for an indeterminate period pending the return to normal conditions following the war after which a new contract is to be negotiated.

Industrial Sufficiency in Brazil

In addition to the larger and heavier industries sponsored by the Government, many small plants and factories have been established during recent years, all of which are naturally drawing on the limited technical personnel and skilled labour available in the country. It is estimated that the total volume of industrial production in Brazil for the year 1944 was at least 50% above pre-war.

Among the industrial events of the year were the start of production of steel rails by the Companhia Siderurgica Belgo Mineira and the commencement of partial production at the Federal owned National Motors Factory.

Foreign Trade of Brazil

The following table shows Exports and Imports (in thousands of cruzeiros) for the years 1940 to 1944 inclusive:

	1940	1941	1942	1943	1944
Exports.....	4,961,518	6,725,401	7,499,556	8,728,569	10,726,509
Imports.....	4,964,149	5,514,417	4,644,348	6,161,741	7,965,141
Balance of trade	*2,631*	1,210,984	2,855,208	2,566,828	2,761,368

NOTE: To facilitate consideration by those not familiar with Brazilian currency, the approximate equivalent of 1000 cruzeiros may be taken as $50.00 U.S.

In tonnage, imports increased 14.4% and the average price per ton increased by 13% over 1943. In the case of exports, however, there was a decrease in tonnage of 1%, but an increase of 24% in the average price which accounts for the larger monetary total. Comparing 1944 with 1938 the falling off in tonnage was 23% for imports and 32.1% for exports.

Shipments of coffee were greater in 1944 than in 1943. Last year Brazil exported a total of 13,558,122 bags as compared with 10,115,969 in the year 1943, or an increase of 34%. Of this total no less than 11,641,440 bags were shipped to the U.S.A. which constitutes an all-time record. The value of coffee exported was Cr$3,869,700,000 in 1944, as against Cr$2,803,768,087 in 1943.

Brazil in the War

In the Spring of 1944 Brazil took her place at the side of her Allies on the battle front by sending expeditionary forces to Italy. The exploits of her sons there have been worthy of the high cause for which they fought.

Sir Herbert Couzens, K.B.E., 1877-1944

A grievous loss was sustained by the Company and its Subsidiaries through the death of their President, Sir Herbert Couzens, K.B.E., in England on November 17th, 1944, after a very valiant but losing fight.

Following a distinguished career in the public utility field during which he was for over twelve years in charge of the Company's operations in Brazil, Sir Herbert retired to England in 1937, remaining there until 1941 when, following the death of Mr. Miller Lash, he was persuaded to accept the Presidency of this Company and its Subsidiaries. These offices he filled with outstanding efficiency and devotion until the illness, which overtook him last summer and which ultimately proved fatal, compelled him to retire from all active duties.

During his long tenure of office, Sir Herbert was indefatigable in furthering the interests of the Companies under his charge and the value of his services cannot be overestimated. He was scrupulously just and fair in all his dealings and commanded the respect and esteem of the Authorities in Brazil under circumstances that were often difficult and trying. He was ever ready to assist and advise all with whom he came in contact and his kindness and thoughtfulness endeared him to associates and employees alike. He was a man of exceptional attainments in every way and, although he has now passed on, the memory of what he was and of his outstanding accomplishments will long endure.

Election of New President and Chairman of the Board

Following the death of Sir Herbert Couzens, the Board unanimously elected Mr. A. W. K. Billings as President of the Company. Similar action had already been taken by the subsidiaries consequent upon Sir Herbert's illness.

Mr. Billings being ordinarily resident in Brazil, it was decided to revive the office of Chairman of the Board in Toronto and Colonel Walter Gow, K.C., was elected Chairman on 23rd November, 1944. Hon. G. Howard Ferguson, K.C. was appointed a Vice-President.

Since the last annual meeting, vacancies on the Board have been filled by the election of Messrs. Norman D. Wilson, E. C. Fox and G. R. F. Troop, all of Toronto. Mr. Wilson, a well-known traffic expert, has an intimate first hand knowledge of the Company's traffic problems in Rio, São Paulo and Santos. Mr. Fox is a Director of The Canadian Bank of Commerce and President of Canadian Cottons Limited of Montreal. Mr. Troop is Treasurer of the Company.

Staff

Grateful acknowledgment is made to the employees of the Associated Companies for their continued loyalty, enterprise and efficiency under the heavy demands with which they have been confronted. Without their combined efforts and cooperation the results of the past years could not have been accomplished.

For the Board of Directors,

A. W. K. BILLINGS,
President.

TORONTO,
22ND MAY, 1945.

COMPARATIVE CONSOLIDATED BALANCE SHEET OF

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED,

THE RIO DE JANEIRO TRAMWAY, LIGHT AND POWER COMPANY, LIMITED,
(and its Subsidiary, BRAZILIAN TELEPHONE COMPANY),
THE SÃO PAULO TRAMWAY, LIGHT AND POWER COMPANY, LIMITED,
SÃO PAULO ELECTRIC COMPANY, LIMITED,
(and its Subsidiary, THE SAN PAULO GAS COMPANY, LIMITED),
THE CITY OF SANTOS IMPROVEMENTS COMPANY, LIMITED and
BRAZILIAN HYDRO ELECTRIC COMPANY, LIMITED
AS AT 31st DECEMBER, 1944 AND 1943
(Expressed in terms of United States Currency)

ASSETS

	31st December 1944	31st December 1943
Capital Account—		
Properties, Plant and Equipment, Construction Expenditure, at cost, including interest during construction, etc.	$311,566,844	$302,253,090
Cost of Shares and Securities of and Advances to Companies owned or controlled by Subsidiary Companies	31,620,890	31,164,983
	$343,187,734	$333,418,073
Sinking Fund Holdings, at cost—		
São Paulo Electric Company, Limited, First Mortgage Bonds	$ 3,674,229	$ 3,428,485
Current Assets—		
Stores in hand and in transit, including construction material As determined and certified by the management, at prices not exceeding cost.	$ 12,581,509	$ 13,139,590
Sundry Debtors and Debit Balances after provision for doubtful accounts This account includes bonds of subsidiary companies held for sinking fund purposes.	5,650,059	4,801,098
Temporary Investments in Securities of the Dominion of Canada, the United Kingdom and the United States of Brazil at book value (Market value at 31st December, 1944, $36,961,744)	36,878,591	18,664,412
Cash, including Brazilian currency	27,448,999	34,190,249
	$ 82,559,158	$ 70,795,349
	$429,421,121	$407,641,907

Note—The current assets and liabilities of the operating companies in Brazil were valued for the purposes of this balance sheet at the end of the year in dollars at the closing sight rate on the special free market for exchange on New York.

The current assets and liabilities in Canadian dollars and in sterling were valued for the purposes of this balance sheet at the end of the year at the official rates for United States dollars.

The transfer of cash balances is subject to the exchange regulations in Brazil, Canada and the United Kingdom as the case may be.

LIABILITIES

Capital Stock—issued and outstanding—		
7,029,893 Ordinary Shares of no par value	$179,358,230	$179,358,229
3,934 Six per cent. Cumulative Preference Shares of the par value of $100 each	393,400	393,400
In addition to the above, 16,011 Preference Shares have been transferred to the Secretary on behalf of the Company in respect of the conversion of 96,066 Preference Shares into Ordinary Shares.		
Shares of Subsidiary and Sub-subsidiary Companies outstanding	1,684,193	1,684,193
Total Capital Stock outstanding—taken for the purposes of this balance sheet in United States dollars at par of exchange for Canadian dollars and sterling	$181,435,823	$181,435,822
Funded Debt—		
The Rio de Janeiro Tramway, Light and Power Company, Limited—		
Five per cent. 50-Year Mortgage Bonds (1st April, 1958)—Balance after Sinking Fund Redemptions (£2,500,833)	$ 12,170,720	$ 12,916,836
Five per cent. 22-Year Bonds (1st October, 1950) (£271,334)	1,320,493	1,320,493
	$ 13,491,213	$ 14,237,329
The São Paulo Tramway, Light and Power Company, Limited—		
Five per cent. Perpetual Consolidated Debenture Stock —(£821,917)	3,999,996	3,999,996
São Paulo Electric Company, Limited—		
Five per cent. 50-Year First Mortgage Bonds (1st January, 1962) (£2,000,000)	9,733,333	9,733,333
	$ 27,224,542	$ 27,970,658
Note—The Funded Debt which is expressed in sterling is taken for the purposes of this balance sheet in United States dollars at par of exchange. In addition, there is a funded debt of a company controlled by a subsidiary company of £1,400,000 (equivalent to $6,813,333 at par of exchange) of which £1,131,500 or $5,506,633 has been redeemed to 31st December, 1944. The interest and sinking fund charges are provided out of the revenue of the subsidiary company.		
Current Liabilities—		
Sundry Creditors	$ 13,997,194	$ 12,238,452
Liability for 5% 50-Year Mortgage Bonds of The Rio de Janeiro Tramway, Light and Power Company, Limited drawn for redemption in 1945	382,221	—
Bond, Debenture and Share Warrant Coupons and Dividend Cheques outstanding	10,479,288	6,781,973
Accrued Charges on Funded Debt	412,600	415,770
Credit Balances (Provisions for Contingencies and Insurance Funds for Injuries and Damages)	6,257,711	5,827,933
	$ 31,529,014	$ 25,264,128
Reserves—		
*Provisions for Depreciation (balance after meeting retirements to date)	$101,601,641	$ 96,704,583
Sinking Fund Reserves	14,820,072	13,828,213
General Amortization Reserves	25,494,539	24,494,539
General Reserves	10,785,302	10,538,050
	$152,701,554	$145,565,385
Profit and Loss	36,530,188	27,405,914
	$189,231,742	$172,971,299
	$429,421,121	$407,641,907

*This Reserve includes Provision for Depreciation of physical assets of companies owned or controlled by subsidiary companies.

On behalf of the Board:

WALTER GOW,
A. W. K. BILLINGS, } *Directors.*

AUDITORS' REPORT

To the Shareholders of Brazilian Traction, Light and Power Company, Limited:

We have audited the Head Office accounts of Brazilian Traction, Light and Power Company, Limited, The Rio de Janeiro Tramway, Light and Power Company, Limited (and its subsidiary, Brazilian Telephone Company), The São Paulo Tramway, Light and Power Company, Limited, São Paulo Electric Company, Limited (and its subsidiary, The San Paulo Gas Company, Limited), The City of Santos Improvements Company, Limited and Brazilian Hydro Electric Company, Limited, and have examined the certified reports and statements of other Chartered Accountants covering the capital and revenue accounts and provisions for depreciation in Brazil for the year ended 31st December, 1944. We have obtained all the information and explanations which we have required.

The net revenues of the operating companies owned or controlled by Brazilian Traction, Light and Power Company, Limited, after provision for or payment of all losses, expenses and charges including depreciation, bond interest and sinking funds, as provided under contracts with them are payable to and are included in the profit and loss account of Brazilian Traction, Light and Power Company, Limited.

Subject to the foregoing we report that, in our opinion, the attached Comparative Consolidated Balance Sheet, Comparative Profit and Loss Account and Profit and Loss Surplus Account are properly drawn up so as to exhibit a true and correct view of the state of the combined companies' affairs at 31st December, 1944, and of their operations for the year ended on that date, according to the best of our information, the explanations given to us, the certified reports of the auditors in Brazil and as disclosed by the books of the companies.

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants, } *Auditors.*

Toronto, May 21st, 1945.

BRAZILIAN TRACTION, LIGHT AND POWER COMPANY, LIMITED

COMPARATIVE PROFIT AND LOSS ACCOUNT

(Expressed in terms of United States Currency)

	Year 1944	Year 1943
Revenue from operating companies including interest on advances after payment of or provision for all their charges and expenses including depreciation, bond and debenture interest and sinking funds	$21,976,642	$19,432,345
Interest on temporary investments	$ 409,329	$ 189,015
Miscellaneous income	61,855	111,356
	$ 471,184	$ 300,371
	$22,447,826	$19,732,716
General and administration expenses—including remuneration of counsel, solicitors and legal advisers and executive officers of Brazilian Traction, Light and Power Company, Limited, amounting in 1944 to $18,206	$ 213,608	$ 280,504
Provision for general amortization	300,000	300,000
	$ 513,608	$ 580,504
Balance transferred to Profit and Loss Surplus Account	$21,934,218	$19,152,212

Note—

Remuneration of Directors including payments by subsidiary companies (excluding executive officers) amounted in 1944 to $19,634.

Remuneration of counsel, solicitors and legal advisers and executive officers in Brazil and elsewhere of subsidiary and associated operating companies amounted in 1944 to $425,982.

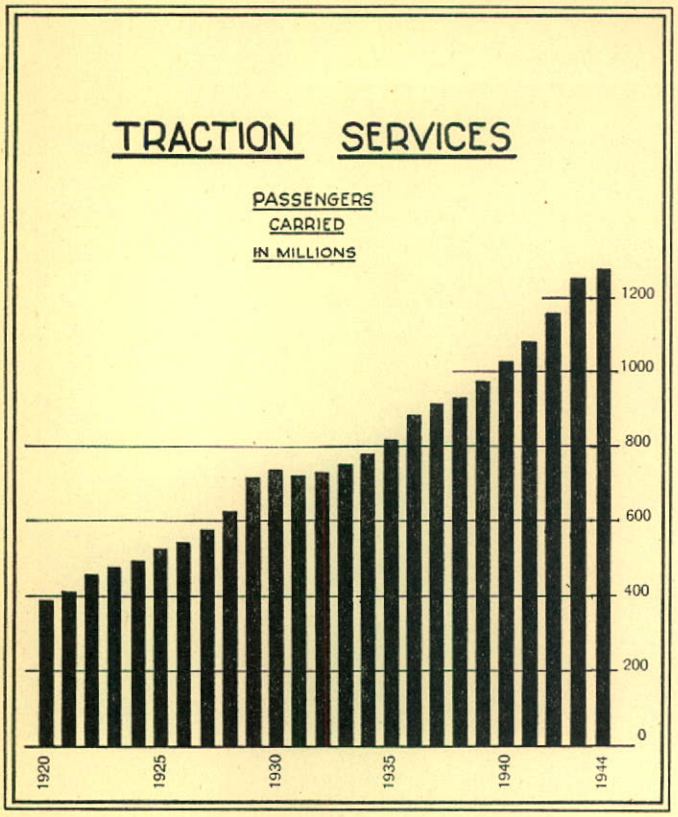
PROFIT AND LOSS SURPLUS ACCOUNT, 31st December, 1944

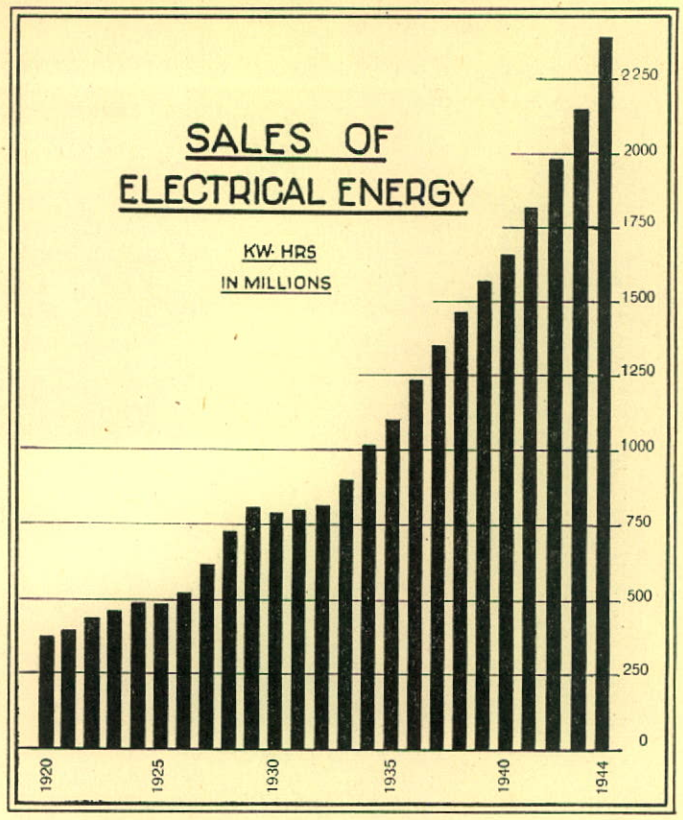
(Expressed in terms of United States Currency)

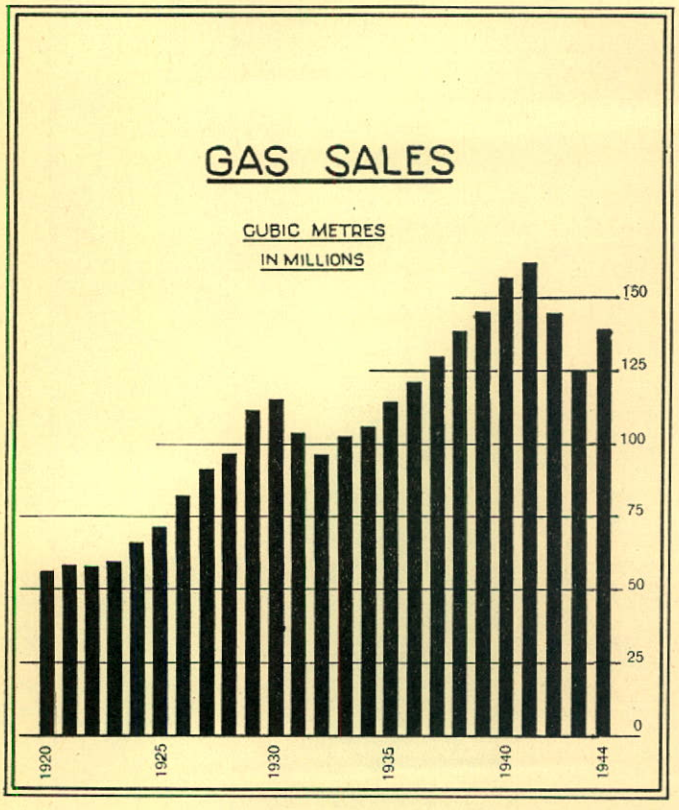
Balance, 31st December, 1943			$27,405,914
Transferred from Profit and Loss Account		$21,934,218	
Less Dividends:			
Preference Shares—paid in Canadian funds	$23,604		
Equivalent in United States dollars	$ 21,479		
Ordinary Shares—paid in Canadian funds			
$1.00 per share 15th June, 1944	$ 7,026,613		
$1.00 per share 1st Dec., 1944	7,026,645		
	$14,053,258		
Equivalent in United States dollars	12,788,465	12,809,944	9,124,274
Balance, 31st December, 1944			$36,530,188

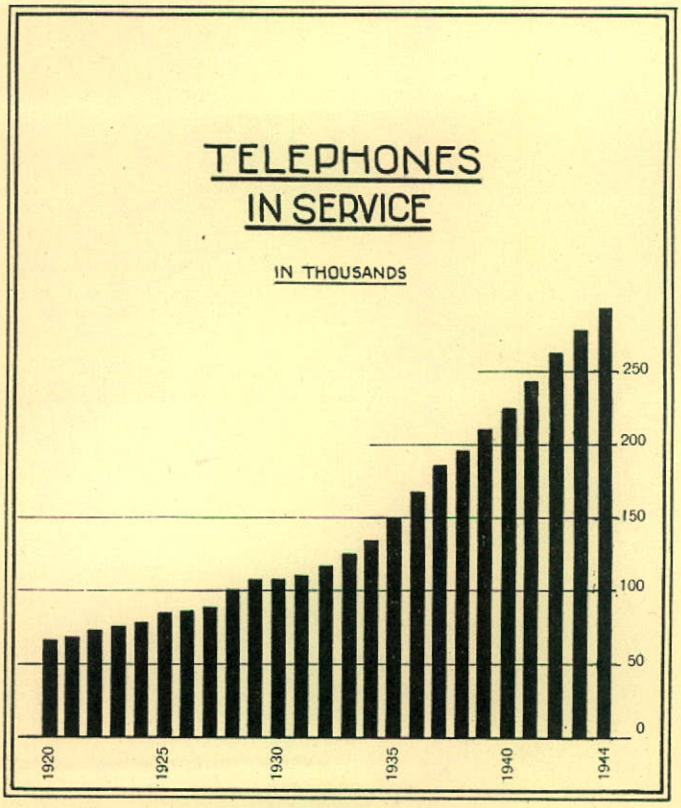
STATISTICS OF COMBINED COMPANIES

Service	*1940.*	*1941.*	*1942.*	*1943.*	*1944.*
TRACTION					
Tramways:					
Total Track (miles)	534.13	531.50	529.74	529.65	527.94
Rolling Stock:					
Passenger Cars	2,042	2,044	2,046	2,061	2,063
Freight and Service Cars	283	283	279	274	270
Funicular Railway:					
Total Track (miles)	2.56	2.56	2.56	2.56	2.56
Rolling Stock:					
Electric Locomotives	4	4	4	4	4
Passenger Cars	4	4	4	4	4
Freight and Service Cars	2	2	2	2	2
Buses:					
Route (miles)	161.08	161.70	121.34	124.60	132.37
Number of Buses	149	143	142	142	142
Car Miles Run:					
Tramways	73,784,344	73,187,032	74,699,318	77,818,387	74,969,804
Funicular Railway	16,330	15,152	15,091	15,550	18,132
Buses	7,153,115	6,957,261	5,782,266	4,883,952	5,283,569
Total	80,953,789	80,159,445	80,496,675	82,717,889	80,271,505
Total Passengers Carried	1,024,933,081	1,070,737,408	1,160,506,565	1,253,073,742	1,289,812,422
ELECTRIC LIGHT AND POWER					
Kilowatt Hours Sold	1,658,197,427	1,816,992,420	1,984,507,419	2,148,027,358	2,395,847,529
Capacity of Generating Plants (K.W.)	554,234	556,509	591,509	612,570	612,570
Total Connected Load (K.W.)	1,202,809	1,286,890	1,392,522	1,482,911	1,564,806
Total Consumers	561,868	591,935	622,051	654,375	662,734
Transmission Lines (miles of circuit)	2,009.92	2,052.26	2,082.92	2,063.08	2,090.80
Distribution Lines (miles of wire)	29,733.08	31,063.13	32,066.90	33,118.17	34,125.55
GAS					
Gas Sold (cubic metres)	157,945,279	161,620,413	144,082,607	125,387,787	138,980,937
Total Consumers	148,503	158,191	162,745	165,413	170,426
Mains Laid (miles)	1,197.99	1,227.64	1,238.17	1,245.92	1,250.04
Stoves, Water Heaters and Other Appliances	180,772	184,787	185,691	186,271	186,962
WATER					
Water Sold (cubic metres)	12,476,117	12,609,857	12,533,660	12,737,644	13,165,587
Total Consumers	23,493	24,205	23,497	23,834	24,217
Trunk Mains Laid (miles)	38.05	37.86	37.91	37.96	37.97
Distribution Mains Laid (miles)	258.89	262.60	265.95	267.69	269.58
TELEPHONES					
Total Number of Telephones in Service	224,069	244,993	261,549	277,734	290,880
Average Daily Calls	4,044,246	4,242,847	4,432,723	4,684,549	5,113,921
Wire Strung (miles)	1,122,905	1,166,838	1,218,008	1,280,776	1,403,366
Pole Lines (miles)	7,477	7,439	7,683	7,740	7,818


TRACTION SERVICES
PASSENGERS CARRIED IN MILLIONS
1200
1000
800
600
400
200
0
1920
1925
1930
1935
1940
1944


SALES OF ELECTRICAL ENERGY
KW-HRS IN MILLIONS
2250
2000
1750
1500
1250
1000
750
500
250
0
1920
1925
1930
1935
1940
1944


GAS SALES
CUBIC METRES IN MILLIONS
150
125
100
75
50
25
0
1920
1925
1930
1935
1940
1944


TELEPHONES IN SERVICE
IN THOUSANDS
250
200
150
100
50
0
1920
1925
1930
1935
1940
1944